



# City of Milwaukee

## Meeting Minutes

200 E. Wells Street  
Milwaukee, Wisconsin  
53202

### MILWAUKEE HOUSING TRUST FUND FINANCING MODELS SUBCOMMITTEE

**LEO RIES, CHAIR**

**Lucia Murtaugh, Vice-Chair**

**Heather Dummer Combs, Sup. Marina Dimitrijevic, Rocky Marcoux, Robert Shelledy, Mike Soika**

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**Monday, April 24, 2006**

**1:30 PM**

**Room 301-B, City Hall**

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*Meeting convened: 1:34 P.M.*

*Members present: Leo Ries - Chair, Heather Dummer Combs, Mike Soika, Lucia Murtaugh, Una Van Duvall - designee for Mr. Marcoux, Sup. Marina Dimitrijevic*

*Members excused: Robert Shelledy*

*Also present: Ald. Murphy, Tony Perez, Marianne Walsh, Jeff Osterman and Emma Stamps - Legislative Reference Bureau, Richard Li - Comptroller's Office, Marne Stuck - Greater Milwaukee Association of Realtors and Glenn Bolton - Milwaukee County staff*

#### 1. Review and approval of the minutes of the April 3rd meeting

*Sup. Dimitrijevic moved, seconded by Mr. Perez, for approval of the minutes. There were no objections.*

#### 2. Reports and discussion related to potential funding sources

*Mr. Soika handed out a spreadsheet (Exhibit 1) in which he noted that city parking rates appear to be below-market rate to him. This could be a revenue source for the Trust Fund.*

*There is limited money available from antenna leasing. Increased Potawatomi revenue might be another revenue source.*

*Ms. Van Duvall will try to find out how many square feet are developed within the city in a year (including residential, industrial and commercial). The average development costs in the city tend to be cheaper than in the suburbs.*

*Sup. Dimitrijevic said that the county is supportive of affordable housing, but she would need to have the Board focus on the city, rather than all 19 political entities. She said that using TIF dollars from closed districts might also be a possibility at the county level.*

*Mr. Li said that the city does not borrow money until after the expenditure is approved by the Common Council and that borrowing for one purpose must be used for that purpose, as mandated by the Common Council.*

*Mr. Soika handed out 3 pages (Exhibit 2) looking at the economic impact of affordable*

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*housing using data provided by the National Association of Home Builders.*

3. Listing and ranking of recommended funding sources to report to the Task Force

*The Subcommittee supported having a renewable source of funding. The Subcommittee discussed various funding sources as outlined in a discussion paper provided by Mr. Soika (Exhibit 3)*

*a) Extending Tax Incremental Financing (TIF) Revenues -- Mr. Ries calculated that using closed TIF dollars would generate between \$100,000 and \$500,000 per year, and, if state legislation were passed to collect all TIF funds, rather than just City dollars, that amount would be 3-4 times that amount.*

*Mr. Soika calculated that if the funds were run out for 3 years, the amount would be from \$2.5 million to \$65,000 per year. Mr. Bolton stated that if the amount were budgeted at \$0 at the city and county level, then the funds would not be being taken from another program. Mr. Li noted that the Comptroller's Office estimates the closeout amount and after that the properties just become part of the city tax rolls. Because of the state-mandated revenue caps, the fund would need to fall within those constraints. Ald. Murphy noted that in order to go above the state revenue cap, it would have to go through a referendum.*

*Ms. Walsh appeared at the table and gave an example on how a tax levy freeze works. She noted that she had a conversation with Michael Daun, the Deputy Comptroller, who asked that the Comptroller's Office be involved in advising this task force on the general obligation (GO) debt borrowing process, because there are certain uses of GO debt borrowing that require a referendum.*

*Ald. Murphy questioned if the city could legally use TIF money for projects outside of the TIF area. Ms. Van Duvall stated that she believes that once a TIF is retired, those funds are no longer bound by the TIF restrictions and she believes that Assistant City Attorney Tom Gartner has stated that these funds would be considered general revenue and that the TIF rules wouldn't apply directly once it is retired.*

*Mr. Ries referred back to the previous discussion related to the spending cap and asked that when the new value is generated, if that factors into the equation until the TIF is closed? Mr. Li explained how TIFs work. Mr. Ries further elaborated on the capturing of extra TIF revenue and noted that before the TIF is closed, it doesn't factor into the City's budget. Mr. Li noted that it would depend on how the state legislation is written.*

*b) Creating a Citywide TIF -- Mr. Ries advised that they should request a City Attorney's opinion on whether a city-wide TIF district could be created in the State of Wisconsin. All the members present agreed that feedback is needed from the City Attorney. Ms. Van Duvall noted that if a city-wide TIF were created, all the costs might not be recovered if more money were spent to build or rehab a property, but those funds may not be recovered if rents/housing costs were kept lower in order to provide affordable housing.*

*c) Establishing a Development Linkage Fee - Mr. Ries noted that the Dept. of City Development will submit an estimate on how much actual development occurs each year. Ms. Walsh suggested that they may want also get a City Attorney's opinion on this issue as well.*

*d) Proceeds from City Land Sales - Ms. Van Duvall gave a strong word of caution for this recommendation and advised that it will not gain wide support and would be very*

difficult to achieve. Mr. Ries asked if city land sales factored into the revenue caps. Mr. Li noted that someone from the Budget Office might be able to answer that question. Mr. Ries calculated that city land sales, based upon past performance, would generate \$225,000-\$250,000 annually.

e) *Encumber Future Potawatomi Funds* - Mr. Soika noted that the \$1 million increase in per-year revenue as a result of the Potawatomi Bingo Casino expansion could be allocated to the Housing Trust Fund. Mr. Ries noted that it might also be negotiated with the tribe that the money go directly to the Housing Trust Fund, rather than passing through the City.

f) *General Obligation Borrowing* - Ms. Walsh reiterated the need to work with Mr. Daun of the Comptroller's Office, the concern related to a potential referendum to approve borrowing and the need for Council action to approve the borrowing on an annual basis as part of the City budget. Ald. Murphy noted that the easiest political sale would be to have a revenue stream set up to pay off the interest, such as linkage fees or parking fees. Mr. Li noted that there are 2 issues on borrowing money for this program and it is all dependent on how exactly the money will be used. It needs to be clearly defined how the money will be used and under what state authority the bonds are being issued. Under federal law, the money must be used for a federally tax-exempt purpose. Ald. Murphy noted that the City has borrowed a lot of money in the past few years.

Ms. Walsh commented on the Assessor's Office Payment in Lieu of Taxes (PILOT) program that works on getting tax-exempt properties to volunteer to pay some revenue toward taxes. Some institutions have paid into this program, but this is a slow-growing fund. Ms. Walsh feels there might be more support for the PILOT program if the money were specifically set aside for the Housing Trust Fund.

g) *State Legislation* - Mr. Soika mentioned two State Legislation proposals and noted that there isn't any disagreement from committee members on either of those proposals.

Ald. Murphy suggested that Ms. Walsh prepare a letter from this Subcommittee to Ms. Dorinda Floyd of DPW-Administration relating to the use of Parking Funds.

Mr. Ries suggested that the subcommittee recommend that the City issue a GO Bond for \$5 million to get this trust fund started and then pursue legislative changes that would sustain the fund over time.

Ms. Dummer Combs asked that, while the City is working on changes to state law for TIFs, could the Trust Fund obtain its funding by extending TIF revenues and creating a city-wide TIF district? Mr. Ries advised that whatever the Subcommittee wants to recommend is fine, but the problem he sees with that is it is all treated as general revenue and subject to the state-imposed general revenue cap. He noted that an increase in parking fees wouldn't affect the revenue cap. Ald. Murphy advised that right now there isn't a revenue cap; there is a tax freeze and currently the City is facing a proposed revenue cap from the state. Increasing parking rates should not impact the tax freeze. Ms. Van Duvall stated that the City could consider a city-wide TIF district once the Subcommittee gets the City Attorney's opinion.

Water sales was discussed as well, but any charges and changes to contracts are reviewed and approved by the Wisconsin Public Service Commission and the City is restricted to selling to entities within the watershed.

*Ald. Murphy advised that Ms. Sanchez asked him to consider extending the deadline for the report due from the Task Force. Ms. Dummer Combs strongly objects to any extension as she sees this as merely putting off the inevitable.*

*The following revenue commendation will be considered at the next meeting:*

*\$1 million from Potawatomi  
\$1/2 million in linkage fees  
\$1/2 million in additional parking fee revenue  
\$1-2 million in TIF revenue, subject to state legislation change*

*Sup. Dimitrijevic asked if above revenue would go towards paying off the bonding. Mr. Ries referred to his proposal and noted that it did suggest that they do a \$5 million bond issue, but they could do that or just agree that the above revenue would be the funding and there wouldn't be any bonding.*

*Ms. Walsh suggested that besides a City Attorney's opinion, they should also get a memo from the Administrator of the Parking Funds on a potential increase in parking fees that would explain the feasibility of such increases and what the department thinks is likely and sustainable. Ms. Walsh will request this information from Ms. Floyd to be distributed to members for the next meeting. Mr. Soika would like to obtain a survey on what the market rates are.*

*Mr. Ries noted the follow-up items he has that will be considered at the next meeting are as follows:*

- 1) Information from the Parking Administrator on survey of the parking market and the feasibility of increasing fees.*
- 2) From the Dept. of City Development, an assessment of annual development activity for the creation of possible linkage fees.*
- 3) From City Attorney's Office opinions on a citywide TIF district and the legality of linkage fees, as well as the feasibility of both.*

*Mr. Perez asked Mr. Soika whether the Wisconsin Housing and Economic Development Authority (WHEDA) has been contacted. Mr. Soika advised that he has had contact with a person named Antonio with WHEDA who is very interested in a Housing Trust Fund, and is pursuing it at the state level. Ald. Murphy noted that he is having a meeting with Antonio in a couple of weeks and he could personally invite him to appear before the task force meeting.*

4. Set next meeting date and agenda, if needed

*Next meeting is scheduled for May 8, 2006 at 2:00 P.M.*

*Meeting Adjourned: 2:58 P.M.*